

MINUTES OF THE
JOINT HEALTH AND HUMAN SERVICES APPROPRIATION SUBCOMMITTEE
Wednesday, January 18, 2006, 3:30 p.m.
Room W125, West Office Building, State Capitol Complex

Members Present: Sen. Sheldon L. Killpack, Committee Co-Chair
Rep. Merlynn T. Newbold, Committee Co-Chair
Sen. Allen M. Christensen
Rep. Bradley G. Last
Rep. David Litvack
Rep. Steven R. Mascaro
Rep. Roz McGee
Rep. Paul Ray
Rep. Aaron Tilton

Members Excused: Sen. Chris Buttars
Sen. Gene Davis

Staff Present: William Greer, Legislative Fiscal Analyst
Debbie Headden, Legislative Fiscal Analyst
Norda Shepard, Secretary

Public Speakers Present: Lisa-Michelle Church, Executive Director, Department of Human Services
Jack Green, Director of Finances, Division of Child and Family Services
Richard Anderson, Director, Division of Child and Family Services

A list of visitors and a copy of handouts are filed with the committee minutes.

The meeting was called to order by Co-Chair Killpack at 3:44 p.m.

1. Approval of Minutes

MOTION: Rep. Litvack moved to approve the minutes of 1-10-06. The motion passed unanimously with Reps. Newbold, Last and Tilton absent for the vote.

2. Adoption of Base Budgets and Fee Schedule

MOTION: Sen. Christensen moved to adopt the base budget for the Department of Human Services of \$505,935,600 for the line items and plan of financing as shown on the attached table.

The motion passed unanimously with Reps. Newbold, Last and Tilton absent for the vote.

MOTION: Rep. Mascaro moved to adopt the base budget for the Department of Human Services - Internal Service Fund of \$1,440,000 from dedicated credits - Intergovernmental revenues and the associated FTE's and Retained Earnings as found on Budget Brief DHS-07-09, page 2.

The motion passed unanimously with Reps. Newbold, Last and Tilton absent for the vote.

MOTION: Sen. Christensen moved to adopt the base budget for the Department of Health of \$1,853,021,300 for the line items and plan of financing as shown on the attached table.

The motion passed unanimously with Reps. Newbold and Tilton absent for the vote.

Co-Chair Killpack noted there were no changes in the fee schedule for the Department of Human Services with the

exception of the three new fees; Therapeutic Schools, Therapeutic Schools per person, and Inter-country Adoption.

MOTION: Rep. McGee moved to adopt the fee schedule for the Department of Human Services as shown on the attached table.

The motion passed unanimously with Reps. Newbold and Tilton absent for the vote.

The committee meeting schedule was discussed and how public testimony would be handled. Analyst Debbie Headden stated that schedules were included in each committee member's binder. She drew attention to the room change on January 25 and February 1 to accommodate public testimony. Meetings will be held in Room #135 on those two days.

Sen. Christensen assumed the Chair.

Ms. Headden explained she had prepared a spread sheet listing the on-going General Fund and Budgetary requests for the Department of Human services, with spaces for committee members to make notes and list priorities as hearings are heard. This is found under Tab 17 of the Budget Analysis binder.

3. Update on Federal Funding

Ms. Headden discussed the effect on the Department of Human Services of proposed federal legislation and changes in policy by the Centers for Medicaid and Medicare Services (CMS). If this legislation and policy changes pass, it could result in significant loss to the Department. The Divisions affected will be the Division of Child and Family Services, the Division of Executive Operations, and the Division of Juvenile Justice Services, which is not heard in this subcommittee.

There will be changes in Title IV-E Administrative Funding. Each state is able to charge administrative expenditures at 50 percent of the Random Moment Study Rate (RMS). Currently, the RMS for Utah is 36 percent, but with the change, it will drop to 31.5 percent, resulting in a loss of \$6.1 million for FY 2007 and \$4.57 million for FY 2006, since it will be retroactive to October 1, 2006.

With Targeted Case Management (TCM), states may claim Medicaid reimbursement for case management activities directly related to medical care and treatment of children eligible for Medicaid. The proposed legislation will eliminate these payments resulting in a loss of \$9.8 million for FY 2007 and \$4.9 million for FY 2006.

There will be a change in TANF funds. They are proposing a change in the percentage for the Social Services Block Grant (SSBG0). The percentage change will go from 10 percent to 4.15 percent resulting in a loss of \$1.6 million and affect 31 FTE's for FY 2007 and could be \$1.2 million for FY 2006.

Under the old CMS policy, DCFS paid the match requirement for waiver services to the Division of Services for People with Disabilities. These waivers are for children in foster care who have disabilities. These waivers are an exception in the Medicaid plan for home and community based programs. Once children are in those services, DSPD is obligated to continue to serve them if additional services are needed. Under the new policy, CMS has determined that only direct services for children in foster care will be allowable for Medicaid reimbursement. This policy change will result in a loss of \$1.5 million for FY 2007.

Lisa-Michele Church, Executive Director, Department of Human Services, distributed the Department's preliminary estimates of the effect of these federal changes. She indicated that this will probably be passed within the next couple of weeks. She said it is critical for the committee to understand what an impact this will have on services that are now being delivered. She indicated that the \$9.8 million coming out of DCFS represents 192 FTE's. This gives a sense of the impact that this kind of cut can have on an operation like DCFS. She said the IV-E funding is specifically for in-home services and the Division is trying to keep children in the home as foster care expenses are much greater. It is critical to not have to cut this service and she will be asking the Legislature to come up with that funding. She said the change in the CMS policy will also be a great impact. There are now 100 children with disabilities in foster care that

will no longer have funding for services. She indicated it is not just a budget cutting measure but a philosophical difference that is now coming down from the federal government that the states have to pay for those services within their own programs. She said after twenty years of telling states to build their programs around Medicaid, they are now saying they are no longer going to fund the programs. The state needs to decide if they are willing to make up that short fall and run the same programs.

Mr. Church stated she is proud to be associated with the Department of Human Services in Utah. She said a great investment has been made in the services that are provided and feels that investments have shown a good return. She said she will be making budget requests for the Divisions within her Department of approximately \$13 million. She said she hoped the committee will have heard enough details to feel that the Department has been and will continue to be accountable for every dollar requested. The Department is not in a growth mode, but a maintenance of services mode. She indicated that much of the increased funding needs is driven by population growth. No building requests are being made for the Director's office. She indicated that Analyst Headden is a great asset to the Department and thanked her for all her work.

4. Issue Brief - Adoption Growth

Ms. Headden stated that DCFS has a lot of federal regulations, one of which is to try to place children into an adoptive home once parents have lost their parental rights. Approximately 400 children each year in Utah are placed in adoptive homes, with 330 receiving monthly subsidies because of special needs and challenges. There are three components of funding to help with these adoptions: non-recurring adoption assistance for one-time expenditures for legal fees; for medical assistance for supplemental medical treatment; and monthly subsidies for basic maintenance of adopted children. Monthly subsidies *may* be provided based on available resources. She indicated there are several factors that are driving increases in adoption costs. As the population increases and incidents of substance increases, adoptions increase. Ms. Headden stated that approximately 80 percent of all children in foster care have one or both parents that have a substance abuse problem. Also, there is an increase in non-eligible Title IV-E children who are placed in foster care under court order. The change in policy for adopted children to go to their own providers for mental health treatment instead of public mental health centers has increased the cost of these "carved out" children. The Analyst recommends that the base budget for Adoption Services be increased by \$887,300, \$609,600 from General Funds, \$44,400 from federal, and \$223,300 from beginning non-lapsing balances.

In response to committee questions, Jack Green, Director of Finances, Division of Child and Family Services, explained that the total for FY 2007, including federal funds, for these children is \$13,080,271 for the monthly subsidies, and one-time special needs, plus \$2,691,954, just to cover the match for the "carve outs" cost. He explained that all children in foster care are "carved out" and when those foster parents adopt a child, they want to continue going to the same provider.

Richard Anderson, Director, Division of Child and Family Services, stated that 80 percent of children in foster care are adopted by their foster care families. The subsidies support those families who, in many instances, would not be able to fund another child in their home without this help. The federal government has allowed these funds to be a transition time for these families. Families are also allowed to come in and apply for special needs money if the child requires treatments not covered by Medicaid. He said there are approximately 400 children adopted each year out of the Division, with 330 receiving adoption subsidies. Many families who are willing to adopt foster children could not afford to do so with financial help.

Co-Chair Newbold assumed the Chair.

5. Issue Brief - Out of Home Care Growth

Ms. Headden stated that as the population of the state increases and the incidence of substance abuse continues to grow, DCFS is seeing a significant increase in caseload growth for out-of-home care. This is becoming a crisis for the state. The number of children receiving out of home service experienced a growth in FY 2005 of 6.25 percent and the projected the growth rate for fiscal years 2006 and 2007 is 4.83 percent and 3.95 percent respectively. The request for funds is based on an estimated growth of 90 children in state custody, additional costs for specialized service, waiver

loses due to capping of enrollments by the federal government and the FY 2006 shortfall. The Analyst recommends an appropriation of \$3,283,800, with \$1,700,000 from General Funds, \$329,100 from federal funds and \$1,254,700 from federal Medicaid funds for FY 2007 for out of home growth. In addition, the Analyst recommends a supplemental appropriation for FY 2006 of \$708,000.

Mr. Anderson stated that Utah's foster care system is the best in the nation. Every national research project that is done in the nation and in our state tells us the children in foster care in Utah go into the best foster families. He indicated that foster care is difficult. One of the main reasons it is growing in the state is because of methamphetamine use requiring children to be removed from their homes. This usually requires that all of the children be removed from the home. He indicated that studies have shown that if children are visited regularly in foster care their well being is much better. This is why it is important to have adequate funding for caseworkers.

Rep. Mascaro stated that he felt that funding should be adequate up front instead of asking for supplements when shortages occur. Then, if supplements are not approved, what happens to those children. They end up being passed off to some other public assistance program, service or charity care that becomes more expensive than if funded adequately in the first place.

6. Issue Brief - David C. Lawsuit Monitor

Ms. Headden indicated that committee members are familiar with this lawsuit. This funding request for an independent monitor to access DCFS and report to the court and to insure that progress is being made in satisfying the court settlement. The Analyst is recommending that DCFS be given a one-time appropriation of \$269,500 of general fund and \$59,100 of federal funds for a total of \$328,600 for FY 2007.

Ms. Church explained that there are two tests that the Division must pass each year for court compliance, the Qualitative Case Review and the Case Process Review. These tests are taken each with the monitor present, case files are reviewed and the Division is graded and must pass by a certain percentage. She stated the Division is at the threshold of passing both of those tests and will be going back to federal court this year.

7. Issue Brief - Domestic Violence

Ms. Headden stated the DCFS is requesting funding for a Domestic Violence Pilot Program. She indicated that many times the reason for children being in foster care is due to domestic violence. Under federal guidelines in the Program Improvement Plan, it requires repeat offences for domestic violence to be below 7.5 percent. During FY 2004, DCFS investigated 2,530 victims of domestic violence related to child abuse, with 27 deaths. Ten percent of the domestic violence related cases were repeat offenses within six months. In response, DCFS started a pilot program in the Rose Park office. The program requires caseworkers to tailor their caseload to work with families impacted by domestic violence in offering education, training, developing safety plans for the family members and other services. Since the program has been implicated, repeat offenses were lowered to 3 percent. The Analyst is recommending that the Subcommittee may want to consider including this request for \$635,700, with \$524,500 from General Fund on a priority list for FY 2007.

Mr. Anderson said that many people do not know that the Division of Child and Family Services is also the Public Domestic Violence Agency in the state. Few states have this arrangement and it is very helpful in addressing the problem of domestic violence.

8. Issue Brief - DCFS Additional Caseworkers

Ms. Headden explained that one of the primary purposes of DCFS is to provide child welfare services and to protect children for abuse and neglect. This includes a great many responsibilities for case workers including investigation, prevention services, family preservation services, child protective services, shelter care, foster care, residential treatment care, adoption services, independent living programs, and domestic violence related services. In September 2002, the Office of the Legislative Auditor General issued a report which established the average case load per worker which they felt was an appropriate level in order for caseworkers to function and provide these services. DCFS needs

an additional 21.5 caseworkers to comply with the audit findings. The Analyst recommends that the subcommittee may want to prioritize this request of \$1,258,700 from General Funds and \$267,000 from federal fund for a total of \$1,525,700.

MOTION: Rep. Mascaro moved to adjourn. The motion passed unanimously.

Co-Chair Newbold adjourned the meeting at 4:22 p.m.

Minutes reported by Norda Shepard, Secretary.

Sheldon L. Killpack
Committee Co-Chair

Merlynn T. Newbold
Committee Co-Chair

Department of Human Services FY 2007 Base Budget	
Line Items	
Executive Director Operations	\$20,550,000
Drug Courts/Boards	1,647,200
Substance Abuse and Mental Health	109,326,800
Services for People with Disabilities	167,534,200
Office of Recovery Services	46,852,200
Child and Family Services	138,374,900
Aging and Adult Services	21,650,300
Total for the Department of Human Services	<u>\$505,935,600</u>
Plan of Financing	
General Funds	\$221,521,600
Federal Funds	123,351,500
Dedicated Credits	8,457,300
GFR-Children's Trust	400,000
GFR-Domestic Violence	712,200
GFR-Intoxicated Driver Rehabilitation	1,500,000
GFR-Tobacco Settlement	1,647,200
GFR-Trust for People with Disabilities	100,000
Transfers -H-Medical Assistance	143,429,100
Transfers -Other Agencies	2,983,200
Beginning Non-lapsing	1,833,500
Total for the Department of Human Services	<u>\$505,935,600</u>

Department of Human Services Revised License Fees FY 2007 Proposal				
	Current Fee	Changes for FY 07	Estim.# Licenses	Estimated Revenues
Initial-new program*	\$300.00	no chg	50	\$15,000
Adult Day Care (0-50)	100.00	no chg	12	1,200
Adult Day Care per cap	3.00	no chg	250	750
Adult Day Care (50+)	200.00	no chg	1	200
Child Placing	250.00	no chg	60	15,000
Day Treatment	150.00	no chg	150	22,500
Outpatient Treatment	100.00	no chg	225	22,500
Residential Support	100.00	no chg	70	7,000
Residential Treatment	200.00	no chg	225	45,000
Residential Treatment per cap	3.00	no chg	3,900	11,700
Social Detoxification	200.00	no chg	10	2,000
Life Safety Pre-inspection	200.00	no chg	50	10,000
Outdoor Youth Program	300.00	no chg	9	2,700
Outdoor Youth Program per cap	5.00	no chg	628	3,140
Interm. Secure Treatment	250.00	no chg	5	1,250
Interm. Secure Treatment per cap	3.00	no chg	200	600
FBI Fingerprint Checks **	24.00	no chg	1,000	24,000
Therapeutic Schools ***	200.00	new fee	5	1,000
Therapeutic Schools per person***	3.00	new fee	400	1,200
Inter-country Adoption ****	15,000.00	new fee	10	150,000
Total Estimated Revenues				<u>\$336,740</u>
<p>* Except comprehensive mental health, substance abuse.</p> <p>** Fees collected for the FBI fingerprint checks are passed through to the FBI.</p> <p>*** New fee per S.B. 107, "Licensure and Regulations of Programs and Facilities"</p> <p>**** New fee per H.B. 22, "Inter-country Adoption Accreditation"</p>				

Health	
	FY 2007
Sources of Finance	Base Budget
General Fund	348,194,000
General Fund, One-time	0
Federal Funds	1,221,656,700
Dedicated Credits Revenue	122,392,300
GFR - Cigarette Tax Rest	3,131,500
GFR - Kurt Oscarson Trans	100,000
GFR - Nursing Care Facilities Account	11,554,300
GFR - State Lab Drug Testing Account	276,700
GFR - Tobacco Settlement	16,529,900
Organ Donation Contribution Fund	76,100
Transfers	0
Transfers - Environmental Quality	30,700
Transfers - H - Medical Assistance	2,254,000
Transfers - Human Services	103,731,600
Transfers - Intergovernmental	(148,500)
Transfers - Medicaid	1,261,000
Transfers - Other Agencies	8,234,000
Transfers - Public Safety	145,300
Transfers - State Office of Education	101,200
Transfers - Within Agency	12,640,700
Transfers - Workforce Services	660,800
Beginning Nonlapsing	2,390,000
Closing Nonlapsing	(2,191,000)
Lapsing Balance	0
Total	<u>\$1,853,021,300</u>
Line Items	
Executive Director's Operations	24,648,400
Health Systems Improvement	14,392,300
Workforce Financial Assistance	571,400
Epidemiology & Lab Services	16,963,000
Community & Family Health	103,143,600
Health Care Financing	68,878,900
Medical Assistance	1,571,069,900
Children's Health Ins Prog	51,298,100
Local Health Departments	2,055,700
Total	<u>\$1,853,021,300</u>